

Rothschild Bank Ensnared in Money Laundering Scandal that Led to Arrest of Malaysian President

[Finance](#), [News](#), [Recent Articles](#), [Rothschild](#)

[10:00 AM](#)

[A+](#) [A-](#)

[Print Email](#)

[The Rothschild Bank](#) is the subject of an international investigation after it was accused of laundering billions of dollars.

by [Jay Syrmopoulos](#)

Swiss authorities have accused the Rothschild Bank AG and Rothschild Trust AG of not only establishing business dealings with customers suspected of money laundering, but also “considerably expand[ing]” those dealings while violating the bank’s own reporting by reporting their suspicions “only after a substantial delay.”

After an [investigation](#) into suspected money laundering operations involving Rothschild Bank and Malaysian state investment fund 1MDB, Switzerland’s Financial Market Supervisory Authority (FINMA) has [concluded](#) the bank was in “serious breach” of “due diligence, reporting, and documentation requirements.”



FINMA said Rothschild Bank AG
“failed to adequately document”
many high-risk transactions.

A [press release](#) by FINMA explained:

Rothschild Bank AG and one of its subsidiaries have been found to be in serious breach of money laundering rules in the context of 1MDB. Specifically, they were in breach of due diligence, reporting, and documentation requirements.

FINMA will appoint an audit agent to review enhancements already put in place by the institutions. This concludes the last of seven enforcement proceedings launched by FINMA in relation to 1MDB.

Last year, Luxembourg [regulators fined](#) the Swiss private bank Edmond de Rothschild \$10.1 million for its handling of funds linked to scandal-hit Malaysian investment fund 1MDB, according to Reuters.

The Luxembourg investigation stemmed from an international probe of money that may have flowed from Malaysian government investment fund 1MBD, which is at the center of various worldwide corruption probes, and reportedly connected to the Swiss investigation.

The 1MBD fund was established by Malaysian Prime Minister Najib Razak in 2009 as a government investment fund.

There have been widespread accusations of corruption surrounding Razak after \$1 billion in deposits into his personal bank accounts were revealed.

The deposits totaled hundreds of millions of dollars more than had previously been exposed by probes into state fund 1MDB, according to the [Wall Street Journal](#).

According to [a report](#) in the WSJ:

The Luxembourg unit of Edmond de Rothschild Group, a private bank that manages money on behalf of wealthy clients, said it is “cooperating” with an official investigation of money that may have

flowed from a Malaysian government investment fund at the center of various world-wide corruption probes...

The Luxembourg investigation widens probes of 1MDB already under way by authorities in Switzerland, Malaysia, Singapore, Hong Kong and Abu Dhabi.

Swiss authorities said in January that 1MDB-related losses from misappropriation could reach \$4 billion. The Luxembourg prosecutor said its case was connected to the investigation in Switzerland.

1MDB was created to invest in local energy and real-estate projects to boost the Malaysian economy. The fund amassed \$11 billion in debt which it has struggled to repay.

Last July, The Wall Street Journal reported that almost \$700 million was transferred to Mr. Najib's bank accounts via a web of entities, money which investigators believe originated with 1MDB. 1MDB has denied sending money to Mr. Najib's accounts and denied wrongdoing and said it is cooperating with probes

The case involving the Rothschild Bank was one of seven enforcement proceedings launched by the FINMA against 1MDB amid suspicions of a serious breach of Swiss banking laws.

Malaysian Prime Minister Najib Razak, who chaired 1MDB's advisory board, has been charged with abuse of power and breach of trust in a graft probe into the fund. He has denied wrongdoing and pleaded not guilty.

FINMA appointed an audit agent to oversee an internal overhaul of the bank's business practices, but nonetheless announced that it was closing its probe into Rothschild Bank AG, which is part of Paris-listed Rothschild & Co.

"We constantly strengthen our systems and procedures and are determined to continue to do so to identify and combat the increasingly sophisticated financial crime faced by the industry," a Rothschild Bank spokesperson said in a statement.

The Free Thought Project has [previously reported](#) on how instrumental the Rothschild empire has been in assisting the global elite in moving wealth from traditional tax havens like the Bahamas, Switzerland and the British Virgin Islands to the United States.

After opening a trust company in Reno, Nevada, Rothschild & Co.

began ushering the massive fortunes of the world's most wealthy individuals out of traditional tax havens, and into the Rothschild run U.S. trusts, which are exempt from the international reporting requirements.